



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 24, 1997

H.R. 2614 **Reading Excellence Act of 1997**

*As ordered reported by the House Committee on Education and the Workforce on
October 22, 1997*

SUMMARY

H.R. 2614 would amend the Elementary and Secondary Education Act of 1965 to establish grants to states for reading programs and would authorize to be appropriated for this purpose \$260 million in each of fiscal years 1998, 1999, and 2000. In addition, the bill would repeal several education programs, none of which has received appropriations in recent years. With three exceptions, these programs are not currently authorized. The three currently authorized programs are: special programs and projects to improve education opportunities for Indian children, the De Lugo territorial education improvement program, and general territorial assistance to the Virgin Islands. Authorizations for these three programs total \$11 million in each of fiscal years 1998 and 1999. Enacting this bill, therefore, would result in a net increase of authorizations of \$249 million in 1998 and 1999 and \$260 million in 2000. Actual funding for these authorizations would be subject to the annual appropriations process; pay-as-you-go procedures would not apply.

This bill contains no private-sector or intergovernmental mandates as defined in the Unfunded Mandates Reform Act of 1995 (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

Increases in authorizations are shown in the following table, assuming that H.R. 2614 is enacted by November 15, 1997. The costs of this legislation fall within budget function 500 (Education, Employment, Training, and Social Services).

	By Fiscal Year, in Millions of Dollars				
	1998	1999	2000	2001	2002
SPENDING SUBJECT TO APPROPRIATION					
Authorizations Under Current Law					
Budget Authority	11	11	--	--	--
Estimated Outlays	1	9	9	2	--
Proposed Changes:					
Reading Grants					
Authorization Level	260	260	260	--	--
Estimated Outlays	31	208	255	229	52
Repeal of Existing Authorizations					
Authorization Level	-11	-11	--	--	--
Estimated Outlays	-1	-9	-9	-2	--
Total Changes					
Authorization Level	249	249	260	--	--
Estimated Outlays	30	199	245	227	52
Authorizations Under H.R. 2614					
Authorization Level	260	260	260	--	--
Estimated Outlays	31	208	255	229	52

BASIS OF ESTIMATE

Title I of H.R. 2614 would authorize to be appropriated \$260 million in each of fiscal years 1998, 1999, and 2000 for providing grants to states to improve the reading skills of children and families. The bill would require the National Institute of Literacy to convene a peer review panel that would evaluate grant applications submitted by state reading and literacy partnerships and make funding recommendations to the Secretary of Education. Of the total authorizations, \$75,000 would be reserved to compensate non-federal members of this panel. Based on the panel's recommendations, the Secretary would make three-year grants to the partnerships, which, in turn, would use at least 95 percent of the funds received to make subgrants to local educational agencies. These subgrants would fall under two categories: local reading improvement and tutorial assistance.

The bill reserves for the Secretary 1.5 percent of the amount authorized to be appropriated (about \$4 million annually) to conduct a national assessment of programs under this title. This title also would direct the National Institute for Literacy to disseminate information on "reliable, replicable research on reading and information on subgrantee projects" and would reserve \$5 million of total authorizations to be used for this purpose.

Title II of the bill would reserve \$10 million of the amount authorized under Title I to carry out programs under the Even Start family literacy program. These funds would have to be matched with an equal amount of non-federal contributions in order for a state to receive funding under this title.

Assuming that the reading grants would follow the same outlay patterns as other programs authorized under the Elementary and Secondary Education Act of 1965 and that appropriations are made accordingly, Titles I and II would result in an increase in outlays of \$31 million in fiscal year 1998 and \$780 million over the 1998-2002 period.

Title III would require higher education institutions to use at least two percent of funds authorized for work study programs on tutoring and literacy activities. This requirement could be waived at the Secretary's discretion. CBO anticipates that this provision would have no impact on the federal budget.

Title IV of the bill would repeal authorizations of several education programs, none of which is funded currently. Three of the programs to be repealed are authorized to receive appropriations in fiscal years 1998 and 1999, however. Authorizations for these three programs (special programs and projects to improve education opportunities for Indian children, the De Lugo territorial education improvement program, and general territorial assistance to the Virgin Islands) total \$11 million in each of fiscal years 1998 and 1999. Repealing these authorizations would reduce outlays by \$1 million in fiscal year 1998 and by \$22 million over the 1998-2002 period.

PAY-AS-YOU-GO CONSIDERATIONS: None

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 2614 contains no intergovernmental or private sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. Any requirements on states and local education agencies would be conditions for receiving federal assistance under the programs authorized in the bill. The bill would authorize new appropriations for Reading Grants under the Elementary and Secondary Education Act of 1965. CBO estimates that under H.R. 2614, states and local education agencies would receive \$241 million annually in grants for fiscal years 1998 to 2000. The bill would also require public institutions of higher education to reserve 2 percent of their Work-Study funds for tutoring and literacy activities.

ESTIMATE PREPARED BY:

Federal Cost: Justin Latus and Christina Hawley Sadoti
Impact on State, Local, and Tribal Governments: Marc Nicole
Impact on the Private Sector: Nabeel Alsalam

ESTIMATE APPROVED BY:

Paul N. Van de Water
Assistant Director for Budget Analysis